

Introduced by Senator Wright

February 27, 2009

An act relating to emission reduction credits.

LEGISLATIVE COUNSEL'S DIGEST

SB 696, as introduced, Wright. Air quality: regional districts: emission reduction credits.

Under existing law, every air pollution control district or air quality management district in a federal nonattainment area for any national ambient air quality standard is required to establish by regulation, a system by which all reductions in emissions of air contaminants that are to be used to offset certain future increases in the emission of air contaminants are banked prior to use.

This bill would state that it is the intent of the Legislature to enact legislation to ensure that there are sufficient credits available for the South Coast Air Quality Management District to issue permits for essential public services and new clean efficient power plants.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The legislature finds and declares all of the
- 2 following:
- 3 (a) Under existing law, new or modified sources of air pollutants
- 4 within a federally designated nonattainment area that result in
- 5 emission increases over specified thresholds are required to provide
- 6 emission reduction credits from other sources so that, in aggregate,
- 7 there is no net increase in emissions.

1 (b) The air basins regulated by the South Coast Air Quality
2 Management District are designated nonattainment areas for
3 PM2.5, PM10, and ozone, the majority of which is due to mobile
4 sources.

5 (c) Due to strict emission limits on stationary sources and the
6 inability to create material amounts of new emission reduction
7 credits without shutting down businesses and losing jobs, there is
8 a severe shortage of emission reduction credits for sources of
9 PM2.5 and PM10 in the air basins regulated by the South Coast
10 Air Quality Management District.

11 (d) In the South Coast Air Quality Management District, certain
12 emission sources, including essential public services, rely on
13 emission credits contained in the district's internal accounts. The
14 district obtains credits for its internal bank from surplus emission
15 reductions not otherwise used for credits. Emission reduction
16 credits have to be real, surplus, enforceable, quantifiable, and
17 permanent.

18 (e) The South Coast Air Quality Management District recently
19 amended Rule 1309.1 to make emission credits from its internal
20 bank available to new clean, efficient power plants. The South
21 Coast Air Quality Management District also enacted a new rule
22 governing the accounting and tracking of offsets.

23 (f) A recent court decision invalidated the South Coast Air
24 Quality Management District rule specifying how the district
25 accounts for and calculates the amount of emission reduction
26 credits available. As a result of that court decision permits that
27 rely on credits from the district internal bank cannot be issued.

28 (g) The South Coast Air Quality Management District regulates
29 more than 28,000 stationary sources, and administers more than
30 80,000 permits. The Legislature needs act to avoid business
31 shutdowns and job losses, and to ensure electric system reliability.

32 SEC. 2. It is the intent of the Legislature to enact legislation
33 to ensure that there are sufficient real, surplus, enforceable,
34 quantifiable, and permanent emission reduction credits available
35 so that essential public services, and new clean efficient power
36 plants needed to maintain system reliability and integrate renewable
37 resources can be permitted by the South Coast Air Quality
38 Management District.

O